

Decision No. 35915

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of PARK WATER COMPANY, For an  
Order Authorizing It to Issue and  
Sell 4,000 Shares of Its Capital  
Stock.

Application No. 25137

BY THE COMMISSION:

O P I N I O N

In this application, Park Water Company asks permission to issue and sell, from time to time, to its present stockholders, 4,000 shares of its capital stock to net applicant \$25 per share, and to use the proceeds to pay outstanding notes and to pay, in part, the cost of additions and betterments set forth in Exhibit "C" and Exhibit "D" on file in this proceeding.

Park Water Company was organized in 1937. It is engaged in furnishing and supplying water as a public utility in several communities in Los Angeles County. For 1941, it reports operating revenues of \$40,150.51 and a net income of \$3,272.45. For 1940, its operating revenues are reported at \$24,001.45 and its net income at \$2,826.26. The number of its consumers increased from 1,712 in 1940 to 2,462 in 1941.

As of April 30, 1942, applicant reports assets and liabilities as follows:

Assets

Fixed Capital	\$157,609.35
Cash and Deposits	2,654.64
Due from Consumers	<u>438.83</u>
Total Assets	<u>\$160,752.82</u>

Liabilities

Capital Stock	\$ 75,000.00
Notes Payable	63,000.00
Accounts Payable	1,612.71
Accrued Taxes	3,524.27
Reserve for Accrued Depreciation	4,561.24
Corporate Surplus	<u>13,054.60</u>
Total Liabilities	<u>\$160,752.82</u>

Of the outstanding stock, consisting of 3,000 shares, 1,300 shares are owned by H. H. Wheeler, 400 by D. D. Collins, and 1,300 by V. E. Motz. Of the \$63,000 of notes payable, \$57,625 represents indebtedness due H. H. Wheeler and \$5,375 indebtedness due V. E. Motz.

Recently applicant has amended its Articles of Incorporation and increased its authorized capital stock from 4,000 to 10,000 shares of the par value of \$25 each. As stated, it now asks permission to issue and sell to its present stockholders, 4,000 shares of its capital stock at \$25 per share. Of the proceeds, it will use \$63,000 to pay the notes held by its stockholders. The money advanced by applicant's stockholders was used by it to acquire and install additional public utility water properties. In Exhibit "D" applicant reports that it will have to incur an additional expenditure of \$45,625.54 for proposed additions and better-

ments to its public utility water systems. No stock proceeds may be used to finance the installation of water systems in any tracts for which applicant is not presently holding a certificate of public convenience and necessity.

O R D E R

The Commission having considered applicant's request and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of 4,000 shares of stock is reasonably required by applicant for the purposes herein stated; that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Park Water Company may, on or before March 31, 1943, issue to its present stockholders at not less than the par value thereof, 4,000 shares of its common capital stock and use the proceeds to pay its outstanding notes and to pay the cost of additions and betterments described in Exhibit "D" on file in this proceeding, provided, that none of said stock proceeds may be used to pay the cost of water systems in tracts or areas for which applicant does not now hold a certificate of public convenience and necessity.

2. Park Water Company shall file with the Railroad Commission such reports as are required by the Commission's

General Order No. 24-A, which order insofar as applicable is made a part of this Order.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 5<sup>th</sup> day of November, 1942.

Justin J. Casemer

W. G. Baker

Francis R. Havener

Richard L. Backe

Commissioners